

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CA 95825
(916) 263-6000
FAX (916) 263-6042



NOTICE OF RACE DATES COMMITTEE MEETING

Notice is hereby given that a meeting of the **California Horse Racing Board's Race Dates Committee** will be held on **Monday, March 7, 2005**, commencing at **9:30 a.m.**, at **The Radisson Hotel**, 500 Leisure Lane, **Sacramento**, California. Non-committee members attending the Board's committee meeting may participate in the public discussion, but shall not participate in any official committee vote or committee executive session.

A G E N D A

1. Discussion and action regarding the **allocation of harness race dates for the 2005 racing year at:**
 - A. The California Exposition and State Fair (Cal-Expo).
 - B. The Los Angeles County Fair (Fairplex).

Further information regarding the committee meeting may be obtained from John Reagan, Senior Management Auditor, at the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, California, 95825; telephone (916) 263-6000 or fax (916) 263-6042. A copy of this notice can be located on the CHRB website at www.chrb.ca.gov

RACE DATES COMMITTEE

Commissioner Richard B. Shapiro, Chairman
Commissioner John C. Sperry, Member
Commissioner Marie G. Moretti, Member

Date of Notice: February 24, 2005

STAFF ANALYSIS
ALLOCATION OF HARNESS DATES FOR 2005

RACE DATES COMMITTEE MEETING
MARCH 7, 2005

Background:

During the allocation of race dates for 2005, the CHRB allocated dates for the harness industry through July 2005. We now have two competing requests for harness dates for the remainder of 2005. The current harness facility, Cal Expo, is requesting an allocation of race dates from July 31 through December 31, 2005 which would include a minimum of 26 days of live racing operated by Cal Expo and 52 days operated by a lessee, the Sacramento Harness Association (SHA). In addition, the Los Angeles County Fair (Fairplex) is requesting an allocation of 60 race days from October 7, 2005 through January 29, 2006. A lessee, Capitol Racing, LLC, would operate the dates at Fairplex.

Cal Expo, Fairplex, and the SHA have submitted information included in this package. The California Harness Horsemen's Association has provided a letter in which they reiterate their support for the Cal Expo proposal although they do indicate that dates in Southern California are desirable for the future given more research and planning.

Recommendation:

Staff recommends that the Committee hear from interested parties regarding this matter.



CAL EXPO

ITEM 1 A1

February 25, 2005

Commissioner Richard Shapiro
Commissioner Marie Moretti
Commissioner John Sperry
Racing Dates Committee
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Commissioners,

On behalf of the California Exposition & State Fair (Cal Expo), we respectfully request the allocation of harness racing dates for 2005 during the following periods:

- July 31 through September 22, 2005 – Minimum 26 racing days
- September 23 through December 31, 2005 – Minimum 50 racing days

The dates requested represent hosting all harness racing, and specifically, ADW wagering during this inclusive period.

Fair Racing -

Cal Expo would like to offer a **new concept for a one year trial**, an experiment with the racing schedule, if you would, to step forward to operate the harness meeting during the annual State Fair. This period encompasses and presents a **new and exciting opportunity for harness racing industry growth** by exposing the sport to as many of the 1 million fairgoers as possible.

We have been approached by various parties willing to work with us to operate the annual State Fair Thoroughbred and Mixed Breed race meet at a venue other than Cal Expo. **Section 19549.1 of the Business and Professions Code and Section 4058 of the Food & Ag Code** allows for such an occurrence, with approvals. We are confident the 12 day State Fair racing meet will be operated in a manner consistent with past programs and make every assurance that all breeds and participants receive the same opportunities.

The program creates an increase of racing and employment opportunities and allows the harness racing industry participants and families to remain in one location for the current racing season. We will work with the industry in gaining support for this one year concept. We have the support of the California Harness Horsemen's' Association (CHHA) and the newly formed Sacramento Harness Association (SHA).

CHRB Racing Dates Committee

February 25, 2005

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Fall Dates -

The SHA as a non profit entity will return all profits back into the harness industry the racing facility and the local community. They will provide all documentation requested by the Dates Committee.

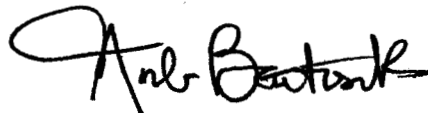
In closing, we respectfully request your consideration of the new racing concept and grant the allocation of the requested racing dates requested.

Respectfully,

CALIFORNIA EXPOSITION & STATE FAIR



David Elliott,
Assistant General Manager, Racing Events



Norbert J. Bartosik,
General Manager/CEO

cc: CHRB Commissioners
Cal Expo Board of Directors
Ms. Ingrid Fermin
Mr. Roy Minami
Mr. Michael Treacy
Mr. Ralph Scurfield
Mr. Kim Hankins
Mr. Craig Fravel
Mr. Ed Allred
Mr. Christopher Korby
Mr. Drew Couto
Mr. Ed Halpern
Mr. Richard Castro



Harness Racing at Cal Expo

Dates Allocation Request –

July 31 through September 22, 2005 – Cal Expo

September 23 – December 31, 2005 – Sacramento Harness Association at Cal Expo

Actual Live Racing Dates –

Minimum 26 Live Racing Dates

August- 12-14, 17-21, 24-28, 31

September- 1-4, 7-10, 14-17

(actual live racing dates subject to change)

Estimated Handle –

On Track –	2,100,000
Off Track-	14,840,000
Out of State-	5,180,000
ADW (CA)-	3,080,000
<u>ADW (Export)-</u>	<u>560,000</u>

Total Est. Handle 25,760,000

Purse Schedule-

Cal Expo plans to offer a minimum purse schedule of \$60,000 per racing program during the August/September period. A stakes schedule will be forthcoming upon completion of negotiations with the California Harness Horsemen's Association. We are hopeful that purse money generated during the Fair exceeds the amounts paid on a \$60,000 per program schedule. If this occurs, we will retroactively pay those purses to the owners of horses that participated in a timely manner. We do not plan to carry over any excess purse funds generated.

Marketing, Advertising, and Promotion-

The Cal Expo Fair harness meet will be part of the overall \$1,000,000 marketing, advertising, and promotion of the State Fair. Cal Expo entertains approximately 1 million fairgoers as the "largest party in Northern California" gets started on August 12. Various

CALIFORNIA EXPOSITION & STATE FAIR

P.O. Box 15649 • Sacramento, CA 95852-1649

State of California • Arnold Schwarzenegger, Governor

forms of family entertainment are found at Cal Expo year round but the fair showcases the diverse culture, agriculture, and innovations this great state has to offer. The fairtime concerts, exhibits, livestock shows, carnival, horseracing, and many other attractions will be showcased at the "California Beach Party" this year.

The racing program will feature many entertainment options for the fairgoer. Live music, the popular "Let it Roll" giveaway contest, Jumbotron, and Dachshund Derby are just a few of the promotions that will be offered during the State Fair. We will also again offer our core base of satellite wagering guests the ability to participate in our "Frequent Player Program". This program offers free admission and parking to those guests that accumulate an established amount of paid admissions during the summer fair racing season. We will also be offering other various promotions for our core base, novices, and internet wagering subscribers during the course of the race meet. We estimate that nearly \$75,000 will be generated from the off track promotional fund which we will utilize to promote harness racing throughout the California satellite wagering network.

Facility Improvements

Originally built as a summer racing venue, Cal Expo has continued to improve the infrastructure of the facility in the amount of approximately \$3,750,000 over the last 5 years to accommodate the year round racing program. Here is a partial list of improvements.

The expense of projects designed to become fully compliant with the Sacramento Regional Valley Water Control Board are as follows:

New Rain Gutters on each backstretch building -	\$ 50,000
Horse Bathing Facilities -	\$400,000
Backstretch Road and Gutter Repaving -	\$250,000
Storm Water Diversion Project-	\$450,000
Manure Buildings-	\$650,000
Sweeper truck purchase -	\$125,000

The expense of projects designed for the safety, security, and compliance of CHRB rules 2100 through 2105 are as follows:

New tack room doors -	\$100,000
New tack room heaters -	\$ 50,000
New integrated smoke alarm system in tack rooms-	\$ 20,000
Upgraded tack room fire sprinklers-	\$ 10,000
Rehab of 4 Backstretch restrooms-	\$370,000
New outdoor security lighting-	\$ 15,000
New laundromat-	\$ 60,000

Rehab of Horsemens RV Park-	\$160,000
New Track Maintenance Yard fencing-	\$ 23,000
New Track Maintenance Yard restroom-	\$ 25,000
Rewire and relamping of all racetrack lighting -	\$335,000
Replace Electrical Vault components for racetrack-	\$ 30,000

Some of the other projects related to the racing operation at Cal Expo are as follows:

Upgrade Video Production facility -	\$325,000
Upgrade Air Conditioning in various areas-	\$ 75,000
Upgrade Drivers/Jocks Room-	\$ 25,000
Upgrade PA system in backstretch-	\$ 5,000
Upgrade Alarm and CCTV system-	\$ 30,000
Upgrade Turf Club carpet-	\$ 50,000
Upgrade Satellite Wagering carpet-	\$ 50,000

Impact of Loss of Racing Dates -

Since 2001, Cal Expo has been the home of harness racing in California. Employees and horsemen have purchased homes, enrolled their children in schools, and have become a part of the local community. Many employees and their families would be severely impacted should a reduction of racing dates occur at Cal Expo. It is opined that most, if not all, of these employees would remain in the Sacramento area to find other employment, if available, if competing harness racing dates were granted elsewhere. The entire racing industry has afforded the participants with an improved quality of lifestyle for themselves and their families in that it is not the transient business that it was as lately as the 1990's. The harness racing industry participants should be afforded the same opportunity and quality of lifestyle currently enjoyed by Los Alamitos Quarter Horsemen and Southern and Northern California Thoroughbred Horsemen.

Many types of businesses border Cal Expo. Various restaurants of all types, the Arden Fair Mall, business complexes including the CHRB and Division of Fairs and Expositions, gas stations, apartment complexes and the like all receive the economic benefit of a year round racing program at Cal Expo. The annual economic impact of the Cal Expo facility to the immediate region is in excess \$250,000,000 annually. The reduction of racing dates at Cal Expo would surely impact the local economy and reduce the number of jobs available.

The approximate number of employees and their union affiliation that may be impacted by a reduction of harness racing dates at Cal Expo are as follows:

International Alliance of Theatrical and Stage Employees

(Local B-66 Gates and Admissions Personnel)	21 Employees
Pari-Mutuel Employees Guild – Local 280	7 Employees
Officials – Local 495	5 Employees
Service Employees International- Local 1877	19 Employees
Tote Employees -	3 Employees
Stewards -	3 Contractors
Various non union personnel- (Photo finish, Backstretch Café, Video supervisor, restaurant employees, auditor, masseuse, paymaster)	20 Employees

If our dates request is approved, these employees not only remain in their current employment for the Fall season, but they also gain employment during the State Fair season.

RFQ/RFP Process-

The lease agreement with the current harness racing operator expires on July 31, 2005. For this reason, the CHRB chose to delay the allocation of the Fall harness racing dates at Cal Expo until they determined who would operate future meets.

Cal Expo prepared a Request for Qualifications for prospective bidders. Cal Expo advertised the opportunity in various racing publications. Three responses (Magna, Capitol Racing, and SHA) to the RFQ were submitted and it was determined that all three entities were qualified to operate race meets. On December 16, 2004, a Request for Proposals was issued to the qualified respondents. Capitol Racing then sent via US Mail a letter from their attorney requesting that we address 51 items in the RFP. Staff and the AG's office representative spent the better part of two days responding to the items in question. On January 20, 2005, the RFP was due and we received one proposal from SHA. Staff and the AG's office determined the RFP responsive and forwarded it to our Board of Directors with a recommendation to award the lease and our Board did so at a special board meeting on February 9, 2005.

Backstretch Area

The Cal Expo backstretch is accessed from Ethan Way and Exposition Blvd, approximately 1 mile from the Capital City Freeway. The location of our backstretch on the east end of the fairgrounds provides minimal city traffic related to the safety of those horsemen shipping horses.

Our backstretch contains 1,016 usable stalls for racehorses, a receiving and test barn with office and 18 stalls, 104 livable tack rooms in compliance with CHRB rules 2100 through

2105, and 52 tack rooms for tack and feed. The racing office and backstretch café are located in the center of the barn area.

As noted, Cal Expo is in the process of addressing the concerns of the Sacramento Regional Water Quality Control Board. A storm water diversion system is in place and in the final testing processes. Manure buildings have been constructed and should be operational by March.

The paddock is a 20 stall paddock capable of holding two races with a pony stall. There is room for the expansion of the paddock, if needed, into the adjacent horsemen's parking lot. It is adjoined to the grandstand and the jocks/drivers room that has adequate quarters, restroom facilities, showers, sauna, steam room, and food service counter with oven, stove, freezer, refrigerator and sink.

We are continually expending funds related to the upgrading of our backstretch facility, racetrack, and grandstand. By approving our dates request, the funding will continue to exist and we will work toward the following improvement projects:

- New racing office/café complex
- New segregated building for grooms quarters
- Equine swimming pool
- Winterize grandstand
- Upgrade Turf Club dining area
- New UC Davis equine hospital and facility

Facility accommodations and attributes

As noted, the Cal Expo racing facility was built in 1968 and has undergone many changes since that time. In 1993, a new satellite wagering facility was built in the grandstand. The 58,000 square foot facility features a clubhouse, 129 seat teletheatre, sports bar, general wagering and seating area, 20 large screen projectors, 8 large screen TVs, and over 200 televisions. The facility attributes rival any race book or satellite wagering facility of its kind in the nation.

The grandstand and turf club areas provide seating for 6,000 fans. The SHA and Cal Expo will be addressing ways to provide additional creature comforts in the grandstand and turf club. The turf club restaurant and bar, which is open from March through November, provides a birds eye view of the racetrack with table service. Approximately 112 televisions are located in the grandstand and turf club areas on counters, stands, mutuel lines, turf club tables, and turf club bar featuring all live and imported races and commercial broadcast channels from Direct TV.

Concessions

Currently, the contracted concessionaire at Cal Expo is Ovations Food Service. Ovations is an international company doing business at 12 venues in California and at approximately 24 other locations in the USA and Canada including the Rose Garden in Portland, Oregon.

The concession stands include the Sports Bar, Winners Circle Grille, Fiestas Mexican Food, Java Scooters Coffee, and the Turf Club and Clubhouse restaurants during specific periods. Other food service trailers and locations are available and open during the State Fair period

Security

All security controls at Cal Expo fall under the auspices of the California State Fair Police Department. Our Chief of Police, Robert Craft is a retired captain of the Sacramento County Sheriffs Department and is the most highly decorated officer in the history of the department. Our police department consists of approximately 230 part time police officers from 31 different police agencies state wide, 24/7 mobile patrols, and 24/7 security gate guards. The racing gates and admissions areas are controlled by 17 personnel from Local B-66 during the racing season and supported by the Cal Expo Police Department.

Currently, sensitive areas of the grandstand and satellite wagering facility are under surveillance utilizing 16 cameras, digital video recording device, switchers, monitors, Compaq pro computer, and joy stick with zoom.

The armored car deliveries are coordinated with our police department and mutual department.

In closing, we hope the information requested and provided is satisfactory. We are willing to take the economic risk for the benefit of all concerned. Our "out of the box" approach may seem drastic to some, but the alternatives do not work. Consideration of sending a frail industry accompanied by the increase in expenses and decrease in the quality of life for all doesn't seem to be in the best interest of all concerned at this time. We are confident our dates request and race meets will be successful and we respectfully request Dates Committee's approval.

SACRAMENTO HARNESS ASSOCIATION

2707 K Street
Sacramento, CA 95816
(916) 485-3211

February 28, 2005

COPY

Commissioner Richard B. Shapiro, Chairman
Race Dates Committee
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Dear Commissioner Shapiro:

On behalf of the Sacramento Harness Association, we respectfully submit the following information for your consideration at the special Dates Allocation Committee meeting, scheduled for March 7. Attached are the following items with respect to the Sacramento Harness Association's organization and business plan.

- ❖ Resume and Directory of Officers
- ❖ Pro Forma Budget and related Financial Structure
- ❖ Proposed Calendar of Fall 2005 Racing Days
- ❖ Estimated Opening Purse Structure and Condition Sheet
- ❖ Strategic Promotion and Marketing Plan

We are currently in the process of developing an aggressive late closer and stake schedule to supplement our overnight purse schedule. We look forward to sharing our vision with you on the seventh.

Sincerely,



Christopher J. Schick
Executive Vice President

Enclosures (5)

cc: Ingrid J. Fermin
Roy Minami

RESUME AND DIRECTORY OF OFFICERS

RESUME OF OFFICERS

President – Ralph Scurfield

Executive Vice President – Jack Coffey

Secretary/Treasurer – Victoria Desomer

Vice President of Finance and Auditing – Ivan Axelrod

Vice President of Backside and Horsemen's Relations – Bob Gordon

Vice President of Security and Enforcement – Louis Blanas

Voce President of Legal Affairs – James Kouretas

Vice President of Simulcasting – Christopher Schick

General Manager – Lloyd Arnold

RALPH SCURFIELD

Appointed to the California Horse Racing Board for an unexpired six month term by Governor George Deukmejian in January, 1991 Reappointed by Governor Pete Wilson in July, 1991
President, The Scurfield Company, Inc., Property Management
Wife's name: Barbara; Three sons: ages 50, 48, 38

Born in Pennsylvania, 1928. Arrived in Sacramento, 1934. Attended local schools through Sacramento City College. Graduate of San Jose State College with a Secondary Education Major, 1951

Member of:

Sacramento Trust For Historic Preservation
Sacramento Host Committee
Lincoln Club of Sacramento
Sacramento Pioneer Association
Sacramento History Center
Sutter Lawn Tennis Club
Del Paso Country Club

Formerly:

Board of Directors, California Historical Society
Vice-President, City of Sacramento Public Finance Corporation
Member, Sacramento City Planning Commission, 1965-1967
Member, Sacramento City Council, 1968-1969
Member, Sacramento State Fair and Exposition Board, 1984-1990
Chairman, California State Fair and Exposition Board, 1985-1990
Member, California Horse Racing Board, 1991-1992
Chairman, California Horse Racing Board, 1993-2000
Chairman, Sacramento Area State Parks Advisory Commission
Chairman, Easter Seal Campaign
President, Sacramento Easter Seal Society
Treasurer, and Member of Board of Directors, California State Easter Seal Society
President, Oak Park Merchants Association
President, Sacramento Area Commerce and Trade Organization
President, Lincoln Club of Sacramento Valley
Chairman, Overall Economic Development Committee, City and County of Sacramento
Chairman, Sacramento City and County American Revolutionary Bicentennial Commission
Chairman, Sacramento City and County History and Museum Commission

John J. (Jack) Coffey

Jack has had a 25-year career with ChevronTexaco, joining the company in Washington, DC, as a lobbyist working the United States Senate and moving through a number of public and government affairs positions. Currently, he coordinates all of ChevronTexaco's state government activities as well as its local government and community affairs programs. In addition, Jack is ChevronTexaco's senior political contact in California, responsible for overseeing the company's legislative/regulatory affairs in the State as well as maintaining ChevronTexaco's relationships in the Sacramento community, where the company is an active supporter of various cultural and charitable organizations.

Before moving to Sacramento in 1991, Jack had been Manager - State Relations for Chevron in San Francisco (1988 - 1991) and Senior Representative in Washington DC (1979 - 1988). Prior to joining Chevron, Jack was Washington Manager for the Western Oil and Gas Association (1975 - 1979) and Senior Associate - Natural Resources and Energy for the U.S. Chamber of Commerce (1967 - 1975).

Jack was appointed to the California Horse Racing Board by former Governor Pete Wilson and also served on the Board of the California Exposition and State Fair from 1994 - 1998, chairing that Board in 1996 and 1997. He also sits on the Board of the State Senate's California International Relations Foundation as well as the Board of the Leland Stanford Mansion Foundation, which is restoring the building for the official use of the Governor.

Jack has a B.S. in Civil Engineering and an M.S. in Environmental Engineering from the University of Notre Dame, where he was a National Science Foundation Fellow. Jack's personal interests center around harness racing and thoroughbred racing, both in the United States and Canada.

Jack and his wife Lynn are active in the racing and breeding of standardbreds, both in California and on Prince Edward Island (Canada). They own a registered California trotting sire, four broodmares and their offspring (all boarded at a third party farm in Wilton), plus six horses racing at Cal Expo. In PEI, they have four broodmares and their offspring plus several horses racing. Two of their California race horses were bred by them on PEI.

In addition to his service on the California Horse Racing Board, Jack has served on the Board of the California Harness Horsemen's Association.

VICTORIA DESOMER

11776 Arno Road
Wilton, CA 95693
(916)687-8870
(916)296-8331 (cell)
(916)687-8316 (fax)

EDUCATION

1964-1965: California State University, San Francisco
1965-1966: California State University, Sacramento
1966: University of California, Los Angeles
1967-1968: California State University, Sacramento - Bachelor Of Science in Business Administration
1968-1969: Post graduate studies at California State University, Sacramento

EMPLOYMENT

1968-1969: AT&T, Watt Avenue, Sacramento, engineer
1969-1970: AT&T, Autovon, Santa Rosa, engineer
1975-Present: Vice President and Secretary for Desomer Stable, Inc.

QUALIFICATIONS

30 years of active involvement as an owner, breeder and trainer of Standardbred horses in partnership with my husband Steve. Desomer Stables, Inc. has produced numerous Cal Bred champions in virtually every class and division. After a career that includes nearly 3000 trips to the winner's circle, we are now focusing on our breeding operation in Wilton, California.

IVAN L. AXELROD, C.P.A.
19324 COLLIER STREET
TARZANA, CALIFORNIA 91356
(818) 344-6858 (HOME)
(310) 789-5279 (OFFICE)
(310) 789-5239 (FAX)

Biographical Sketch:

Primary expertise and background:

July 1996 – Present

Chief Operating Officer and Chief Administrative Officer for Provident Financial Management, a division of American Express Tax and Business Services Inc., an American Express Company.

Responsible for the following:

Coordination of the day to day operations of three business management offices located in Los Angeles, San Francisco and New York with a total employee count of approximately 170.

Direct management and operating responsibility for the Los Angeles office operations comprised of 145 employees.

Business Unit liaison with American Express. Coordinate with more than 20 American Express leaders in various aspects of the business including; Human resources, financial reporting, acquisitions, training, development and implementation of company policies and compliance requirements.

October 1990 – July 1996

President and Chief Financial Officer - Recreation World, Inc., parent company of Ice Chalets, Inc. The company operated 14 ice skating rinks in six states with a staff of 450 employees.

Primary responsibilities included:

- Development of Company's business plan
- Restructuring the financial reporting system for the individual locations.
- Raising capital to be used for acquisitions, expansion and new developments.
- All financial reporting to shareholders and lenders.

July, 1972 - October, 1990

Graduated college in 1972 and began business career as a staff accountant for Laventhol & Horwath, a national accounting and consulting firm. Specialized in the entertainment industry and promoted to Partner in January 1981. Managed the firm's entertainment practice from 1981 - 1984.

Transferred to Century City, California office in 1984 and promoted to Managing Partner of the office. Responsible for the management of a 60 person staff and seven partners.

Activities within the Horse Racing Industry

Owned Standardbred race horses since 1981 and have been active in the industry for the past 23 years. Activities have included the following:

Purchased and operated Mariah Ridge Farm in Ojai, California from 1986 - 2000. The property was used as a standardbred breeding farm as well as a turnout operation for standardbred horses. Bred, raised, purchased and raced more than 75 standardbred horses during this time.

Director of California Harness Horsemen's Association during the years 1986 - 1992.

Chairman of District 3 for the United States Trotting Association from 1986 to present. Presently Chairman of the Finance Committee and member of various other committees including the Executive Committee, Marketing Committee, Registration and Owners/Breeders Committee.

Personal

Married 31 years and have 2 daughters, ages 28 and 26.

Active in supporting the following charitable organizations: Cystic Fibrosis Foundation, and American Liver Foundation,

Published in several books and trade publications on the following subjects; profit participation agreements, syndication of horse related business, operations of family entertainment businesses.

R. Burnett Miller

R. Burnett Miller is a native of Sacramento, and attended school in Sacramento, University of Santa Clara, University of California, Berkley and graduated from Georgetown University. He did graduate work at Sorbonne, Paris and California State University, Sacramento. Served for three years in the U.S. Army during WWII. Saw action in Belgium, Germany and Austria; was awarded the Bronze Star and Purple Heart.

Burnett has worked for Burnett and Sons Mill & Lumber Company for thirty five years, fifteen of which he has been President.

He has served two terms on the Sacramento City Council and one year as the Mayor of the city. He has served on the Boards of Directors of Sacramento Builder's Exchange, Sutter Lawn Tennis Club, Mercy Hospital of Sacramento, Metropolitan Arts Commission, Crocker Art Gallery Association, KPXR Radio, Sacramento Trust for Historical Preservation, California Historical Society and Sacramento Foundation. He has served as Chairman of KVIE Channel Six.

He currently serves on the Board of Directors of the Sacramento Trust for Historical Preservation, the Squaw Valley Community of Writers, the Center for Contemporary Art, Public Radio Station KXPR, Valley Vision and is a Commissioner on the Sacramento Metropolitan Arts Commission.

He is married to Mary Glide Miller and has seven children.

BOB GORDON

6166 Palo Alto Drive
Anaheim, CA 92807
Phone: (714) 283-8882

I have been involved in the harness racing industry for over forty five years. I have raced at every major race track in the United States and Canada. I began my career with a two horse stable and built it into one of the best stables in the country. Over the years, I have averaged 30 to 50 horses year around. I have been a leader or among the top producers in the trainer's standings the last 20 years.

I served on the board of directors of the California Harness Horseman's Association for 12 years and served as its president for three years. I also served as a director of the United States Trotting Association for four years. I was instrumental in forming the Premier Harness Racing Corporation for the purpose of racing at Los Alamitos Race Course in Southern California. I served as either president or vice president of that association for the next three years. I next served as a vice president in charge of harness racing for Los Alamitos Race Course.

I am honored to be a part of the Sacramento Harness Benevolent Association and it is my sincere hope that we can benefit the horsemen, the city and county of Sacramento, and the state of California.

Louis J. Blanas, Sheriff

Lou Blanas, a second generation Sacramentan, was re-elected in March of 2002 by an overwhelming margin to serve a second term as Sheriff of Sacramento County.

Lou has been a police officer since 1968, beginning his career with the Sacramento Police Department, and resigning from there in 1981 to accept a position as Chief of Police for the California State Fair Police.

In 1987, at the request of Sacramento's newly elected Sheriff Glen Craig, Lou accepted a position as Community Relations Assistant, and Commander of the Sheriff's Staff Division for the Sacramento County Sheriff's Department. Since then, he has worked in various assignments, including Commander of the Narcotic-Gang Division, Chief Deputy of Court Security Services, and Chief Deputy of Patrol Services. In November of 1993 he was appointed to Undersheriff, the second-in-command position for the Sheriff's Department.

Sheriff Blanas is a graduate of the prestigious Federal Bureau of Investigation National Academy in Quantico, Virginia. He also completed the National Executive Institute of the FBI. Blanas attended Sacramento City College where he earned an Associate of Arts Degree, and graduated from California State University, Sacramento, with a Bachelor's Degree in Criminal Justice. He has attended numerous police leadership and administrative training schools.

Lou Blanas served in the California National Guard from 1965 to 1985 with the rank of Warrant Officer assigned to military police duties.

Sheriff Blanas' re-election with over 86% of the vote in March of 2002 is a clear affirmation of his public service by the voters of Sacramento County. During his first term of office, Sheriff Blanas earned community support by reinforcing the philosophy of community-oriented policing for the entire Department, and by improving the Department's effectiveness in a number of important areas.

- He expanded the Hi-Tech Crimes Division by adding an Identity Theft Task Force.
- He established the School Resource Officer Program, providing officers for all of the high schools in the unincorporated areas.
- He established Station Houses to serve the individual communities in Sacramento County.
- He established the Special Operations Division of the Department to address homeland security and counter-terrorism issues.

Sheriff Blanas has a vision for the Sheriff's Department during the next four years that includes continuous evaluation and improvement of law enforcement services in Sacramento County.

December, 2002

JAMES L. KOURETAS

ATTORNEY AT LAW

TELEPHONE
(916) 441-4274
FAX (916) 441-2545

30TH & H BUILDING
725 30TH STREET
SUITE 101
SACRAMENTO, CALIFORNIA 95816-3841

Resume Of James L. Kouretas

EDUCATION

B.A. Economics
Sacramento State University
Sacramento, Ca-1973

Juris Doctorate Degree
Lincoln Law School
Sacramento, CA-1977

BUSINESS INTERESTS

Attorney at Law
1977 to Present

Real Estate Development/ Investment
1982 to Present

Consultant to Indian Gaming Interests
1993 to Present

Consultant to Horsemen and Racetrack Operators on
various legal matters involving racing & horse related
matters.

HORSE RACING INTERESTS

Horse Owner/ Breeder of Standardbred Race Horses
1977 to Present

Member of various California Harness Associations over
the last 25 years including Western Standard Bred
Association, California Breeders, United States Trotting
Association, and others.

PROFESSIONAL AFFILIATIONS

California Consumer Attorneys

American Trial Lawyers Association

Member in Good Standing- California State Bar

Christopher J. Schick
760 Morris Way
Sacramento, CA 95864
(916) 483-4868

Experience:

04/95 – 07/04 Director of Simulcasting, Capital Racing LLC at Cal Expo

Responsible for a broad range of racetrack operations: marketing the Cal Expo signal nationwide to racetracks, account wagering providers and off track wager facilities. Negotiate and execute agreements with such facilities. Coordinate and oversee activities such as television production, satellite uplink services, and wagering hub operations. Develop and implement a budget for the Scotwinc promotional fund with revenue in excess of five hundred thousand dollars annually. Coordinate and select a daily import schedule and publish a daily post time schedule for all live and import races.

- Developed an out of state market that increased nightly average handle from nine thousand dollars (\$9,000) in 1993 to over two hundred sixty thousand dollars (\$260,000) nightly in 2004
- Developed and implemented a California satellite marketing plan which over ten years greatly enhanced the image of harness racing in California. The result was an increase in nightly off track California handle from slightly over three hundred thousand dollars (\$300,000) in 1993 to over six hundred thousand dollars (\$600,000) in 2003. This was accomplished with no new facilities.
- Negotiated and signed major deals with places like New York City OTB, Meadowlands Racetrack and Chicago OTB to name a few. These deals helped put Cal Expo on the national map over the past decade.
- Created and implemented the "Bal Cal Pick Four". This is a unique multi-track wager featuring two races at Balmoral Park in Chicago and two races at Cal Expo. The wages was and continues to be favorably received and carries a guaranteed pool of fifty thousand dollars (\$50,000)
- Developed the early post time strategy. This strategy bridged the gap between the daytime and nighttime racing and is very successful. This strategy also gave the Cal Expo product more exposure in the central and eastern time zones.

12/96 – 04/97 Director of Simulcasting, Los Alamitos Racing Association

- Winter harness racing meet at Los Alamitos while Cal Expo was dark.
- Responsible for all simulcast operations.
- Marketed the Los Alamitos harness signal nationwide.
- Responsible for the daily selection and placement of all night import races. Also scheduled post times for all races.
- Hosted the nightly Los Alamitos harness racing television replay show which airs on Fox Sports Network.

12/93 – 04/95 Vice President, Director of Simulcasting, Premier Harness Racing at Los Alamitos

- Responsible for a broad range of simulcast and management duties.
- In two years, built up a strong nationwide presence for Los Alamitos Harness Racing.
- Introduced for the first time of any breed in California merged simulcast wagering pools with host tracks. This practice is now considered the industry standard, although there were many skeptics in 1995.
- Developed the guaranteed the thousand dollars (\$10,000) twin trifecta pool. This was the first guaranteed twin trifecta ever in harness racing. This exotic wager created big interest and drove patrons to our product.
- Participated in all race office and overall management sessions.

1982-1987 Residential Real Estate Agent, Century 21

Sold, listed and invested in residential real estate in San Diego County.

1978-1981 Insurance Agent, Prudential Insurance Company

Marketed personal lines of health, life and property and casualty insurance. In 1980 I was the first agent in the history of the Albany South (New York) District to achieve three million dollars (\$3,000,000) in paid sales.

Professional Organizations

**1995 – present Member – Board of Directors
United States Trotting Association**

For the past nine years it has been my pleasure to serve this district as elected Director. The USTA is the nationally regulatory body of harness racing. My present committee assignments are finance and I currently co-chair the marketing committee.

**2004 – present Chairman, Insurance Committee
California Harness Horseman Association**

The committee is involved in all aspects of California Harness Horseman Insurance. We recently formulated a plan for distribution of workers compensation relief funds. This plan was approved by the California Horse Racing Board.

Education

Palm Beach Atlantic College
Vister County Community College

Lloyd Arnold
50240 Woodmere
LaQuinta, CA 92253

My Racing career started at the age of nine when my father and I purchased a harness horse. At the conclusion of my formal education, I started racing stables in Illinois and Iowa. During the 1960's and 1970's I was racing a large stable of over 2,000 horses and was constantly rated among the nation's leading owners. In the 1960's I was President of the Illinois Harness Racing Association for five years. The Association is comparable to the California Harness Horse Association whose primary responsibility is negotiating for the horsemen and dealing with their problems.

My first experience as a racetrack operator started at Sportsman Park in Chicago where I conducted a harness race meet. In 1975 I moved to California and took over the harness race meet at Cal Expo. That race meet was conducted under the name of Golden Bear Racing Association. This organization conducted racing at Cal Expo for a number of years. During that time I also conducted harness racing at Golden Gate Fields. I was instrumental in providing extensive capital improvements to the track including lights. These capital improvements were installed by my company, Golden Bear Racing Association.

I leased Los Alamitos Racecourse in the early 1980's. Later I sold that lease to Hollywood Park.

In 1989 I again became involved with Los Alamitos as a result of acquiring an interest in the racetrack. I conducted harness racing at Los Alamitos until 1994. At that time, Los Alamitos was the major harness track on the west coast.

My management and harness racing meets career include:

1. Sportsman Park – Chicago
2. California Exposition and State Fair
3. Golden Gate Fields
4. Los Alamitos Race Course

At the conclusion of my management of Los Alamitos, I continued my involvement as a major breeder in the United States. During this period, our farm produced a number of World Champion horses.

I have been honored as Harness Horseman of the Year in the United States and Canada and been inducted into the Illinois and Iowa Halls of Fame for harness racing.

In 2003, I offered to donate my services to Cal Expo as an interim basis with all profits being donated to charities. It is not my intent to be compensated for any of my services to SHBA as General Manager.

PRO FORMA BUDGET

PRO FORMA BUDGET

The SHBA is a non-profit Corporation which hopes to be awarded the contract to conduct the harness racing meet at California Exposition and Fair facilities. This newly formed entity has not conducted previous race meets but has selected an outstanding Board of Directors knowledgeable in the harness racing industry to oversee the Association as attested in the resumes in Attachment Three. Since SHBA is newly formed, an audit is not practical. In place of an audit, SHBA has prepared the attached Balance Sheet as of January 18, 2005. This balance sheet is supported by the following attachments:

1. Calnet Business Bank's letter of August 24, 2004 in support of SHBA
2. Deposit receipt dated January 18, 2005, evidence of a deposit of \$500,000.
3. Balance Certification from Calnet Business Bank as of January 18, 2005
4. Articles of Incorporation of Sacramento Harness Association.

SHBA hereby submits the attached Pro Forma Budget – Income/Expense Statement in support of its proposal. The main source of the information contained in this Response is from Capital Racing LLC's Financial Statement of 2003. The information was analyzed by consultants, accountants, attorneys and Board Members. Some adjustments were made because consultants felt that there is no rational reason to reflect as assets overpayment of purses and loans to horsemen. These items could create tremendous conflicts of interest. How these items can be considered current assets is unexplainable. SHBA does not intend to classify any items as an asset that is questionable, including restricted cash, goodwill, advances to horsemen and overpayment of purses. Attached are two letters from Mr. Friedberg to the California Horse Racing Board identifying questionable procedures presently being used by Capital Racing, which SHBA intend to avoid.

SHBA has structured the financial proposal sheet with a major payment being in year three. The reason for this structure is that SHBA is a non-profit corporation dedicated to support charitable purposes. The harness industry in California is in such a dismal state that the racing industry is in jeopardy of leaving the state. There has been a recent purse reduction of 25% which has devastated the horsemen and owners. It is essential that purses be increased immediately to keep the industry alive.

The Pro-Forma Budget indicates potential profit of approximately \$1,500,000 during years one and two. A large portion of those funds will be donated to the Horsemen's Association for purses and upgrading the backside. This should create a very positive environment in California for harness racing. The additional purse money will attract new owners and breeders, which will in turn attract new patrons and greater handle.

The SHBA will be funded by contributions with an initial contribution of Five Hundred Thousand Dollars (\$500,000). It has no liabilities. The only request made by the donor is that the first One Hundred Thousand Dollars (\$100,000) of surplus capital be made available to Cal Expo's September 11 Memorial. SHBA intends to solicit additional contributions after it has been selected the successful bidder.

Based upon the criteria and point allocation for evaluation process contained in the RFP, SHBA believes the following is an accurate reflection of its financial status:

1. SHBA's cash flow from the first year of operations will be in excess of \$1,500,000 and our current liabilities are zero.
2. SHBA's cash flow from the first year of operations will be in excess of \$1,500,000 and our total liabilities are zero.
3. SHBA's debt to equity ration is perfect because it has no debt.
4. SHBA's debt to equity to total assets is perfect because it has no debt

Based upon all of the above information, we believe that SHBA has submitted a detailed statement of assets together with supporting documentation that we are relying upon to finance our proposal that satisfies all of the obligations and requirements that relate to this RFP



August 24, 2004

calnet
BUSINESS BANK

1565 exposition blvd.
sacramento, ca. 95815

p 916-927-7000
f 916-567-9693
www.calnetbank.com

Ms. Jan Risso
Contracts Manager
California Exposition & State Fair
1600 Exposition Blvd.
Sacramento, CA 95815

Re: Statement of Qualifications

Dear Ms. Risso,

This letter is provided to you in support of the Sacramento Harness Benevolent Association ("SHBA"). Based on my personal knowledge of some of the principals of the association, I am confident that the association possesses the necessary financial wherewithal, either directly or indirectly through the principals, to adequately assist in supporting the financial needs related to harness racing activities at Cal Expo.

Based on my review of some preliminary financial information from the principals involved with SHBA as well as my review of Paragraph 3.1 of the "Statement of Qualifications Form," it would be my expectation that Calnet Business Bank would be in a position to assist SHBA in meeting the stated financial requirements associated with the harness racing contract.

Should you have any questions regarding the Bank's position as it pertains to the association or the principals of the association, please contact me at 916-921-4633.

Sincerely,

Eric Shaw
Vice President
Calnet Business Bank

ES:es

CC: Ralph Scurfield

**SACRAMENTO HARNESS BENEVOLENT ASSOCAITION
BALANCE SHEET
JANUARY 18, 2005**

ASSETS

Current Assets

Cash

\$ 507,786.49

TOTAL ASSETS

\$ 507,786.49

LIABILITIES

Current Liabilities

\$ 0.00

Line of Credit

\$ 0.00

CAPITAL

\$ 507,786.49

TOTAL LIABILITIES AND CAPITAL

\$ 507,786.49



1565 exposition blvd.
sacramento, ca. 95815

916 927-7000

Statement of Account

Page 1 of 1

SACRAMENTO HARNESS BEVEVOLENT ASSOC
C/O THE SCURFIELD COMPANY
2707 K STREET SUITE 3
SACRAMENTO CA 95816

Account Number: 1000343854
Statement Date: 12/31/2004
Number of Checks: 0

Outside Local Area
(866) 522-5638
Website
www.calnetbank.com

Account Summary for Business NOW Checking - 1000343854

Starting Balance	7,783.18	Ending Balance	7,786.49
Deposits	0.00	Number of Credits	1
Interest Paid	3.31	Number of Debits	0
Withdrawals	0.00	Average Balance	7,783.18
Service Charges	0.00		

Transactions for Business NOW Checking - 1000343854

Date	Description	Miscellaneous Credits	Deposits/Credits
12-31-2004	Credit Interest		3.31

Daily Balance for Business NOW Checking - 1000343854

Date	Balance
12-31-2004	7,786.49

The amount of interest earned between 12-01-2004 and 12-31-2004 is \$3.31.
The Annual Percentage Yield Earned for this account is 0.50%.



Please see reverse for important information.





All items are received subject to conditions and terms of your Deposit Agreement and Deposit Account Disclosure. Please hold this receipt until verified with your next statement. Deposits may not be available for immediate withdrawal.

*This is your receipt.
Thank You.*

B#: 2 NNB: 266 CB#: 27 TW: 390

Acct#: 1000343854 Post Dt: 01-18-200

Timestamp: 01-18-2005 10:38:02

DEP Amt: \$500,000.00





1565 exposition blvd.
sacramento, ca. 95815

916 927-7000

January 18, 2005

Sacramento Harness Bevevolent Assoc.
2707 K Street Suite, 3
Sacramento, CA 95816

Re: Balance Certification

To Whom It May Concern:

As of the above referenced date the Sacramento Harness Bevevolent Assoc.
Account # 1000343854 remains in good standing and has a current balance of
\$307,786.49.

If you should have any questions, please contact me directly at (916) 921-4652.

Thank you,

A handwritten signature in black ink, appearing to read 'Michelle Green'.

Michelle Green
AVP/Branch Manager



**PRO FORMA BUDGET
INCOME/EXPENSE STATEMENT**

Revenue:		
	Pari-mutual commissions	\$10,277,740
	Intertrack wagering surplus fund	1,517,072
	Program Sales	89,512
	Concessions	59,160
	Admissions	63,268
		<u>\$12,006,752</u>
Operating expenses:		
1	Salaries and wages	\$ 2,400,000
2	Rental of track and grounds	2,300,000
3	Advertising and promotion	1,500,000
	Pari-mutuel production costs	1,200,000
4	Repair and maintenance	800,000
5	Breeder awards	80,000
6	Professional services	200,000
7	Union and employee benefits	300,000
	Utilities	280,000
	Insurance	250,000
8	Bad debts	-
	Payroll taxes	215,000
9	Office and administration	100,000
10	Depreciation and amortization	80,000
	Program and group costs	130,000
11	Equipment rentals	70,000
	Testing	95,000
12	Other operating expenses - reimbursable	500,000
	Total operating expenses	<u>\$ 10,500,000</u>
	Income (loss) from operations	\$1,506,752

This budget is based in large part on information provided by Capital Racing in their 2003 year-end statement.

FOOTNOTES

- 1 Reduction of 10% by reducing wages and voluntary services by the General Manager and others
- 2 Cal Expo year 1 - Includes Capital Improvements
- 3 Advertising and promotion joint program with Los Alamitos and volunteer services by others
- 4 Back charging people responsible for damages approximately 250,000
- 5 Breeder awards will be whatever is required by statute
- 6 Professional services - do not expect to be involved with lawsuits with Los Alamitos, Cal Expo, Horsemen's Association, Chris Bardis and the existing lawsuit regarding the pollution of the American River
- 7 10% reduction as a result of 10% reduction of salaries
- 8 Do not expect to make loans
- 9 Many services will be voluntary, possible rent will not be necessary because of use of Cal Expo facilities or donations
- 10 Purchase of existing or used equipment will reduce the need for excessive depreciation
- 11 Some equipment will be leased at cost and from Cal Expo
- 12 Can be reduced by avoiding conflict ect...

ARTICLES OF INCORPORATION

ARTICLE I.

The name of this corporation is SACRAMENTO HARNESS ASSOCIATION.

ARTICLE II.

A. This corporation is a NONPROFIT MUTUAL BENEFIT CORPORATION organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity, other than a credit union business, for which a corporation may be organized under such law.

B. The specific purposes of this corporation are to:

1. Engage in leasing horseracing facilities and conducting harness racing in Sacramento, California;
2. Invest and make expenditures for the improvements and betterment of the fairgrounds and horseracing facilities including the back-stretch owned by the California State Fair and Exposition in consultation with the California State Fair and Exposition Board;
3. Develop, promote and encourage the agricultural and racing aspects of the harness horse industry in the State of California;
4. Acquire, own, maintain and operate such property as may be necessary or desirable to further the purposes set out in clauses 1, 2, and 3 of this Article II; and to engage in such other businesses and activities as may from time to time be necessary or desirable to further said purposes;
5. Do business anywhere in the world; and
6. Have and exercise all rights and powers from time to time granted to a corporation by law.

C. Pursuant to Business and Professions Code Section 19482, the Corporation is not entitled to an exemption from any tax imposed by the State of California.

ARTICLE III.

The name and address in the State of California of this corporation's initial agent for service of process is:

Name: Minna C. Yang
Address: 1792 Tribute Road, Suite 450
Sacramento, CA 95815

ARTICLE IV.

Notwithstanding any of the above statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purposes of this corporation.

Dated: January 10, 2005

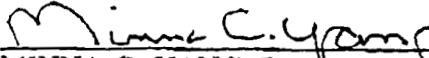

MINNA C. YANG, Incorporator

EXHIBIT A

BANKING RESOLUTIONS

RESOLVED, that CAL NET BANK, a national banking association, is hereby selected and designated as a depository of funds of the Corporation, and that a checking account be established and maintained by and in the name of the Corporation at the Sacramento branch of said Bank upon and subject to such terms and conditions as the officers hereinafter designated, or either of them, may from time to time agree upon with said Bank; and

FURTHER RESOLVED, that all checks, drafts and other instruments for the payment of money drawn or accepted by the Corporation for payment from said account or at said office be signed on behalf of the Corporation by any two directors; and

FURTHER RESOLVED, that any checks, drafts or other instruments for the payment of money endorsed on behalf of the Corporation for deposit with or collection by said Bank may be so endorsed in the name of the Corporation by written or stamped endorsement without designation or signature of the person making such endorsement; and

FURTHER RESOLVED, that the Secretary be and hereby is authorized and directed to certify to said Bank that these resolutions have been duly adopted and are in conformity with the Charter and Bylaws of the Corporation, and to further certify to said Bank the names and specimen signatures of the present officers of the Corporation authorized to sign as aforesaid, and, if and when any change be made in the personnel of said officers, the fact of such change and the name and specimen signature of each new officer; and

FURTHER RESOLVED, that said Bank be and hereby is requested and authorized to honor, receive, certify or pay any such instrument signed or endorsed in accordance with the foregoing resolutions and the certification then in effect as above provided, including any such instrument drawn or endorsed to the personal order of, or presented for negotiation or encashment by, any officer signing or endorsing same; and

FURTHER RESOLVED, that these resolutions and each such certification shall remain in full force and effect, and said Bank is authorized and requested to rely and act thereon, until it shall receive at its office to which the certified copy of these resolutions is delivered, either a certified copy of a further resolution of the Board of Directors amending or rescinding these resolutions or a further certification as above provided, as the case may be.

**PROPOSED CALENDAR OF
FALL 2005 RACING DAYS**

Proposed Calendar of Racing Dates

September 23 thru December 30, 2005

52 Race Days

2005

SEPTEMBER						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

OCTOBER						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

NOVEMBER						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

DECEMBER						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

ESTIMATED OPENING PURSE STRUCTURE

AND

CONDITION SHEET.

SACRAMENTO HARNESS ASSOCIATION

Proposed Opening Purse Schedule

Fall 2005

September 23rd thru December 30th

Condition Events

Event	Purse
1 PACE - 5yo and under N/W 1 or \$2,500. (CB & FM N/W 2 or \$5,000)	\$3,200
2 PACE - 5yo and under N/W 2 or \$5,000 (CB & FM N/W 4 or \$10,000)	\$3,800
3 PACE - N/W 4 or \$10,000. (CB N/W 8 or \$20,000)	\$4,400
4 PACE - N/W 6 or \$20,000. (CB N/W 12 or \$40,000)	\$5,000
5 PACE - N/W \$1,500 L6 (CB \$2,250) W/O \$20,000 in 2005 Ineligible	\$4,000
6 PACE - FM N/W \$1,500 L6 (CB FM \$2,250) W/O \$20,000 in 2005 Ineligible (optional Claiming \$7,500)	\$4,000
7 TROT - N/W \$1,500 L6 (CB & FM \$2,250) W/O \$20,000 in 2005 Ineligible (optional Claiming \$7,500)	\$4,000
8 PACE - N/W \$3,000 L6 (CB \$4,500) W/O \$40,000 in 2005 Ineligible	\$5,300
9 PACE - FM N/W \$3,000 L6 (CB \$4,500) W/O \$40,000 in 2005 Ineligible (optional Claiming \$12,500 plus allowance)	\$5,300
10 TROT - N/W \$3,000 L6 (CB & FM \$4,500) W/O \$40,000 in 2005 Ineligible (optional Claiming \$12,500 plus allowance)	\$5,300
11 PACE - N/W \$4,500 L6 (CB & F&M \$6,750). AE: NW 10 Lifetime	\$6,500
12 PACE - FM N/W \$4,500 L6 (CB & FM \$6,750) (optional Claiming \$20,000)	\$6,500
13 TROT - N/W \$4,500 L6 (CB & FM \$6,750) Optional Claiming \$20,000	\$6,500
14 TROT - FM Open	\$6,000
15 PACE - Open Pace II (optional Claiming \$25,000)	\$7,000
16 PACE - Open (optional Claiming \$40,000)	\$8,000
17 PACE - CB Open	\$8,000
18 TROT - Invitational	\$8,500
19 PACE - FM Invitational	\$8,500
20 PACE - Invitational	\$10,000
21 PACE - Free For All (\$250 Entry Fee)*1	\$15,000

*1 We anticipate a minimum of four of these events per calendar year.

Claiming Events

\$3,000 w/Cond.	\$2,400
\$3,000	\$2,500
\$4,500	\$3,000
\$6,000	\$3,500
\$7,500	\$4,000
\$10,000 - \$12,000	\$5,200
\$16,000 - \$18,000	\$6,000
\$24,000 - \$26,000	\$7,000
\$35,000 - \$40,000	\$8,000

Conditioned Claiming Events

N/W 1 (CB & FM N/W 2) Claiming \$4,000	\$2,600
N/W 2 (CB & FM N/W 3) or \$6,000 (CB & FM \$9,000) Claiming \$6,000	\$3,000
N/W 4 (CB & FM N/W 6) or \$12,000 (CB & FM \$18,000) Claiming \$9,000	\$3,400
N/W 6 (CB & FM N/W 9) or \$18,000 (CB & FM \$27,000) Claiming \$12,000	\$3,800
N/W 8 (CB & FM N/W 12) or \$24,000 (CB & FM \$36,000) Claiming \$15,000	\$4,200

STRATEGIC PROMOTION

AND

MARKETING PLAN

Marketing Plan

The marketing plan involves different strategies for "On Track" and "Off Track" patrons. The "On Track" strategy is to make harness racing a mainstream Sacramento event through community and charitable involvement. Our view is that the image must change before any significant attendance gains can be attained. "Off Track" now accounts for Ninety-Two percent (92%) of the total handle. The "Off Track" goal is to make Cal Expo a "Must Take" signal for all locations in the nation.

On Track

1. Sponsor four to six huge events per season. Special nights featuring Giveaways, Charitable Match Races, add Late Closing Series Finals and Sire Stakes creates excitement. Big purse races combined with large attendance and charity giveaways will not be ignored by the local media. Such sponsored nights serve to enhance the sport's image in the community and always give the meet something big to promote.
2. Return to having a strong presence in local print advertising. Many markets across the nation have seen newspapers pull the entries and race results from the Sport pages. Having a strong advertising presence can help assure the results and entries receive significant coverage. Print advertising should be focused on the main local paper – The Sacramento Bee – however, opportunities exist in local community papers as well.
3. Direct Mail: Developing a data base of the current and new patrons is essential. Targeting the core audience with promotions, mystery vouchers and coupons help retain patrons, increase frequency of visits and generate new patrons.
4. Sacramento's own on air weekly Harness Racing show. This may involve buying the time from the station initially. This show, professionally hosted, will feature interviews with the drivers, trainers and owners. The show will focus on education for patrons, handicappers and prospective owners. The current poker craze has really put gambling on the map. This show can help us add new patrons and recruit new owners. It can also help with image transformation.

Off Track

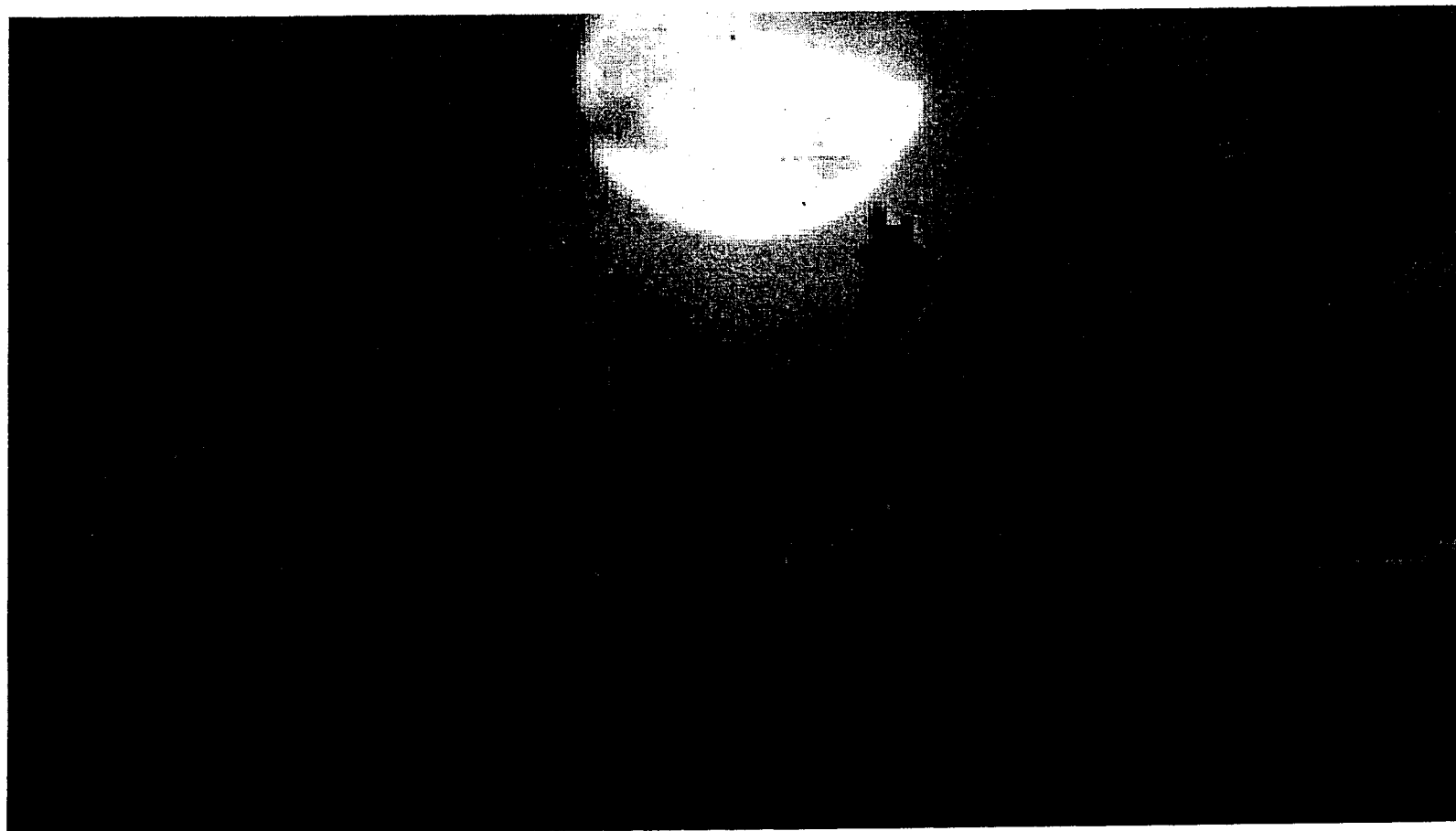
1. World Class Simulcast Production: In today's market you cannot make the major leagues with minor league productions. Ninety-two percent (92%) of the present total handle is wagered off track. The trend is now to bring the product into the patron's home. These patrons perceive you through your television network. Graphics and cameras must be upgraded. Professional hosts and commentators have to develop a relationship with the audience. Our plan would involve a total upgrade of the current production.

2. Promotion within California satellites: Our plan here would be to work individually with each California satellite wagering center to develop a plan tailored to their market. There is approximately five hundred thousand dollars (\$500,000.00) annually available from the SCOTWINC promotional fund for this marketing. SHBA is well aware of the fact that California satellite dollars produce huge revenue. Some promotion examples would be mystery vouchers, statewide giveaway items, second chance drawings, and cash giveaways. We especially like handicapping contests.
3. A strong daily racing form presence. Advertising on Northern and Southern California replay and radio shows. This advertising keeps us in the mainstream of California racing and adds positively to our image.

On and Off Track Marketing

1. New owner seminars: Owners are the life blood of the sport. We must get new owners in the game and reverse the current negative investment and ownership trend. The USTA has conducted these seminars successfully across the country. We plan to have two new owner's seminars per year.
2. Guaranteed jackpot pools and new wagers. Guaranteed pools have sprung up throughout the country. Telling a horseplayer that there will be a certain amount in a pick four or pick six pool drives handle and excitement. We plan on having a guaranteed pool at least once a week. We also plan on bringing back the twin trifecta wager. This wager involves hitting the first trifecta in the two race wager, and exchanging each winning first race ticket, for a second race trifecta. If no one hits the wager each night the carryover grows.
3. Charity Drivers Challenge: Bringing in drivers from the Midwest and northeast to compete in a charity challenge against our top drivers will generate good publicity. Having top drivers from other venues at your track enhances your image, and draws national attention to your product.

Fairplex Park Equine Complex



March 7, 2005

Fairplex Park Equine Complex

Fairplex

- Short for Los Angeles County Fair and Exposition Complex
 - 501c(5) Non-profit, Mutual Benefit Organization
- 543 acres including parking for 30,000 vehicles
- 300 events annually, 3 million guests each year
- L.A. County Fair, 83rd anniversary in 2005, 4th largest fair in North America, 1.3 million guests annually
- Total economic impact of Fairplex events and businesses, \$600 million
- 250 people employed full-time, seasonal employment reaches 10,000 during the Fair
- Year-round businesses at Fairplex include Sheraton Suites, Barretts Equine Limited, KOA/RV Park, NHRA Motorsports Museum, Fairplex Park Satellite Wagering facility, Cornucopia Foods, Fairplex Child Development Center

Fairplex Park Equine Complex

Fairplex

- **Principals at Fairplex**
 - **James Henwood, President and CEO**
 - **Mike Seder, VP Finance and CFO**
 - **Dale Coleman, VP Sales, Marketing and Creative Programming**
 - **Dwight Richards, VP Operations**
 - **Gerald McMahon, General Manager Barretts Equine Limited**
 - **George Bradvica, Equine Manager**
 - **Scott Kelly, Director of Marketing and Communications**

Fairplex Park Equine Complex

Introduction to Fairplex Park

- Fairplex Park is the racetrack on the grounds of the L.A. County Fair, the largest fair in California
- Located in Pomona, Fairplex Park is freeway accessible from Orange, Riverside, San Bernardino and Los Angeles counties
- The racetrack is a 5/8ths mile oval, suited for thoroughbred and harness racing
- Home to live thoroughbred, Appaloosa, quarter horse and mule racing in September during the L.A. County Fair
- Year-round satellite wagering facility
- Seating capacity 10,000, hospitality areas include Top of the Park Restaurant, Clubhouse Turn Loge, Infield Corporate Pavilions

Fairplex Park Equine Complex

History of Fairplex Park

Thoroughbred and Mixed Breed Racing

- Racing since 1922, Fairplex Park was the first track in So. Cal. to offer pari-mutuel wagering in 1933
- Ranked number 17 of nearly 125 racetracks in North America in average daily handle and purses paid in 2004
- In 2003, set an all-time record handle of \$109,249,303 for 17 days of racing, producing a daily average of \$6,426,430
- In 2004, second highest ever average daily handle and a gross of \$108,041,622
- All-time single day handle more than \$10.3 million
- Fairplex Park sends its signal out-of-state to nearly as many sites as Del Mar, Santa Anita and Hollywood Park

Fairplex Park Equine Complex

History of Fairplex Park

Harness Racing

- Harness racing was a part of the inaugural L.A. County Fair in 1922, and was featured with thoroughbred racing through 1933
- In 1986, the racetrack, grandstand and clubhouse were renovated. The track was named Fairplex Park and lighting was added for the seasonal debut of night harness racing
- Harness racing at Fairplex Park:
 - April 22-June 21, 1986
 - November 4-December 13, 1986
 - April 24-June 27, 1987



Fairplex Park Equine Complex

Plans for a 60-day Harness Meet at Fairplex Park

- Dates: October 7, 2005 through January 29, 2006
- Operator: Capitol Racing, LLC
- Create a So. Cal. marketplace for harness racing along with a Southern California-Northern California circuit
- Create a new on-track customer in Southern California
- Opportunities for cross-promotion with millions of Fairplex customers from the L.A. County Fair and year-round events and businesses
- Fairplex Park facility is harness racing ready: track lighting, barns, barn management, appropriate racing surface, hub rail, grandstand customer services, full-service restaurant, concession food and beverage service, guest services staff, pari-mutuel and parking operations, admissions personnel, marketing and communications staff

Fairplex Park Equine Complex

Operations

Barns

- Fairplex Park has 700 stalls available for standardbred horses
- An experienced staff inside the CHRB enclosed area: stable superintendent, security, gatemen, track crew headed by Steve Wood, teamsters, laborers and a complement of trades to maintain safety and high standards of equipment and facilities



Fairplex Park Equine Complex

Operations

Parking and Admissions

- Fairplex Park has more than 30,000 parking spaces
- An experienced staff that manages and operates parking at the Fair and large events every weekend
- An experienced Fairplex Park staff that operates satellite wagering every racing day

Fairplex Park Equine Complex

Operations

Pari-Mutuel

- An experienced and friendly staff that operates both day and evening for the satellite wagering operation and the L.A. County Fair live meet

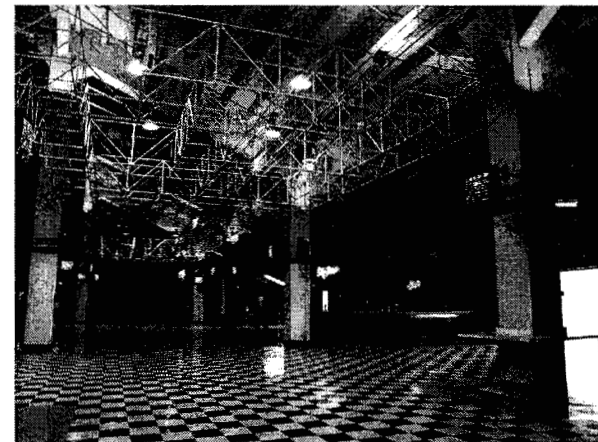
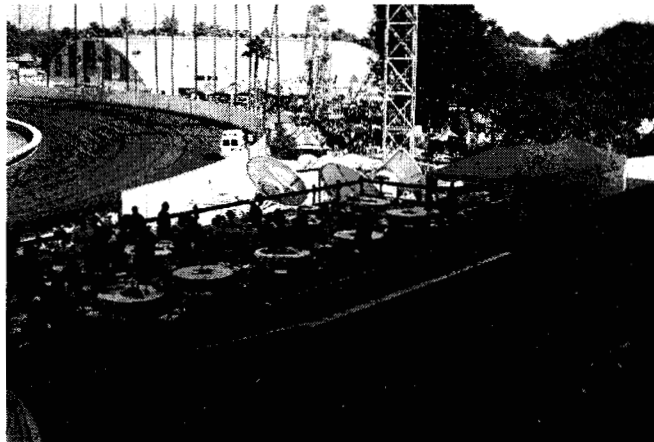


Fairplex Park Equine Complex

Operations

Grandstand/Food & Beverage Service

- A freshly painted facility with an outside seating capacity of nearly 10,000
- Indoor seating for 500 customers with more than 500 TVs
- Food & Beverage concession stands on every level of the grandstand
- A full-service restaurant on the 4th floor of the grandstand operated by Cornucopia Foods, a wholly owned subsidiary of the Fair Association



Fairplex Park Equine Complex

Operations

Racetrack Maintenance

- Steve Wood, an expert in racetrack maintenance, manages a dedicated and experienced staff capable of creating a premiere racing surface for all breeds
- Fairplex Park traditionally has been praised by trainers for providing the finest and safest racing surface in Southern California

Fairplex Park Equine Complex

Marketing

On-track

- 12 million potential customers in Southern California target market
- Part of Inland Valley, the fastest growing area in California, and one of the fastest growing areas in the United States
- Upscale demographics with more than \$70,000 average household income
- Richly diverse and highly educated population in Southern California
- Major market for tourism, Fairplex is a key destination for area visitors
- Media exposure through Southern California general broadcast television, cable television, radio, newspapers

Fairplex Park Equine Complex

Marketing

On-track

- Harness race meet information on Fair web site, 123 million hits annually
- Distribute printed collateral materials in Grandstand during live Fairplex Park live meet
- Promotional advertising in Daily Racing Form during September live meet
- Special opening weekend promotional ideas for harness race meet, e.g.
 - Radio station remote
 - Handicapping seminars
 - Giveaway nights
 - Concerts
 - Celebrity Match Race with local personalities

Fairplex Park Equine Complex

Marketing

On-track

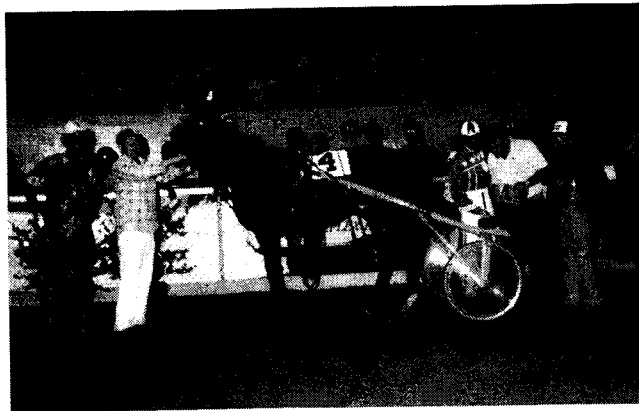
- Demonstrations of harness racing during Fairplex Park live meet between races
- Posters and banners in Grandstand during live meet
- Partner with TVG to co-promote “grand opening” of night harness racing in So. Cal.
 - Celebrity Match race to promote the harness meet
- Pitch harness race meet to Fair print media during live meet

Fairplex Park Equine Complex

Marketing

On-track

- Utilize broadcast quality video and audio from harness race operator in cable television and local radio media schedules
- Promote group sales with live music, buffets, beer
- Include harness race meet in Fairplex event calendars, weekly newspaper strip ads, freeway sign, micro-radio, and community outreach programs

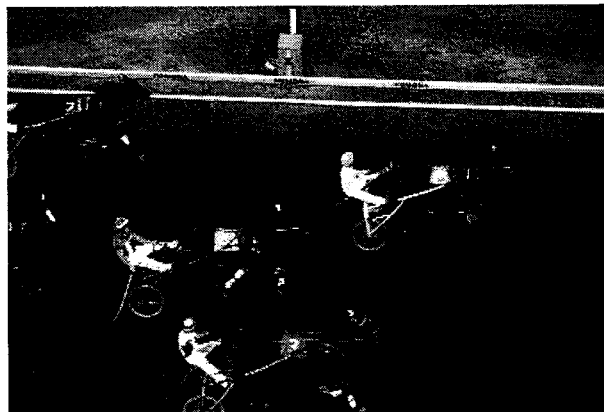


Fairplex Park Equine Complex

Marketing

In-State and Out-of-State Satellites

- Promote live harness race meet with printed collateral materials distributed to all satellites i.e. posters, tent cards, flyers
- Direct mail piece sent to Fairplex Park database during September live race meet at the L.A. County Fair. Acquire additional databases to increase distribution
- Promotional advertising in Daily Racing Form



Fairplex Park Equine Complex

Summary

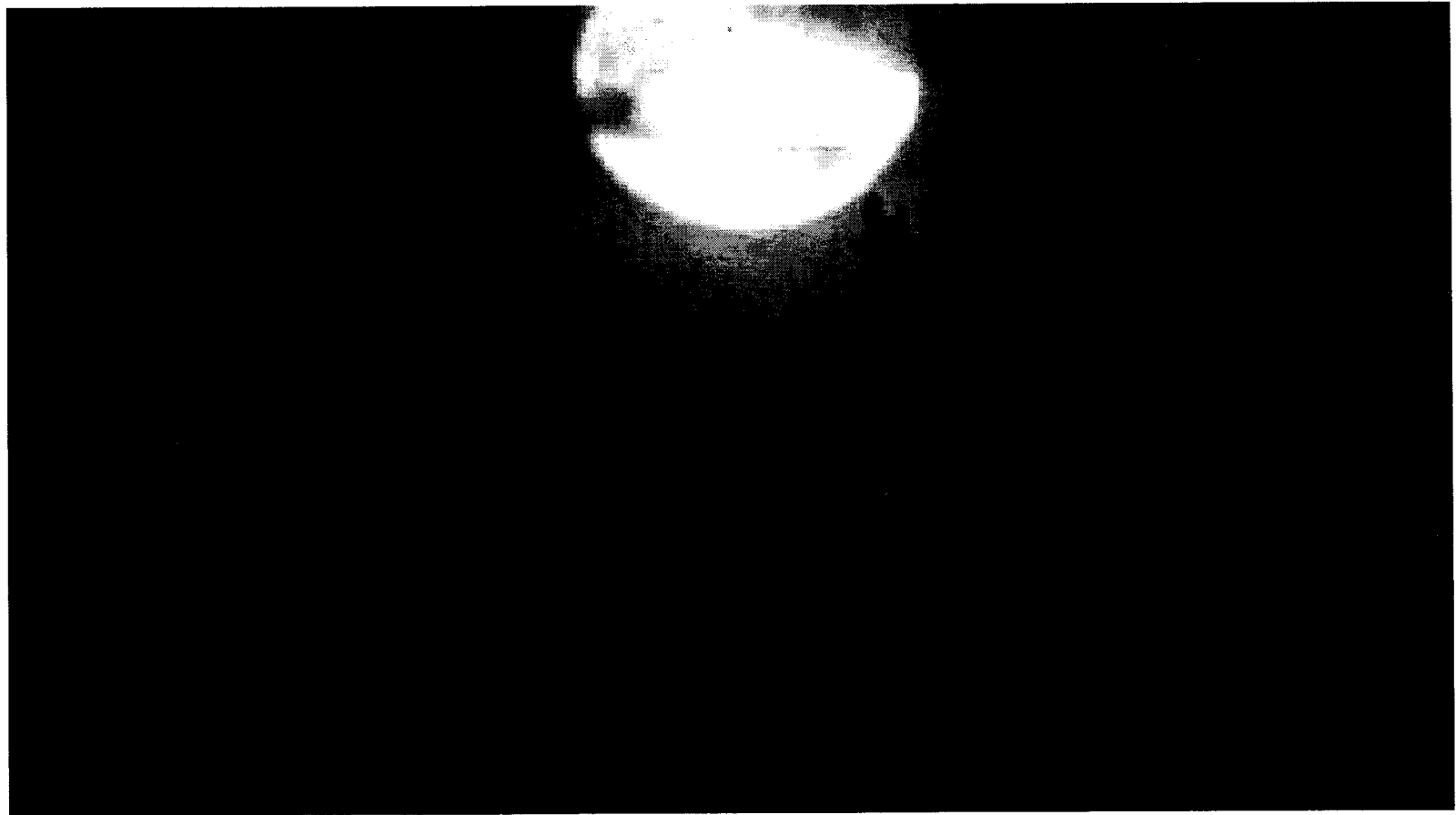
- Fairplex Park is the ideal venue for Harness Racing in California
 - Largest metropolitan market in California
 - Freeway accessible and centrally located in Southern California
 - Part of Inland Valley, the fastest growing area in California, and one of the fastest growing areas in the United States
 - Attracts 3 million visitors annually from 4 counties: Los Angeles, Orange, San Bernardino, Riverside
 - Home to more than 300 trade and consumer shows annually
 - The L.A. County Fair, the largest Fair in California, immediately precedes the harness racing dates, therefore we have direct marketing and communication access to nearly 1.3 million Fair guests and 200,000 race fans throughout California

Fairplex Park Equine Complex

Summary

- Fairplex Park operates a year-round satellite and training business, therefore management, staffing and facilities are fully in place and functioning
- Combining our live meet, training, satellite wagering, horse shows and Barretts Equine Limited, Fairplex operates one of the most extensive and successful equine operations in the United States

Fairplex Park Equine Complex



March 7, 2005



ITEM 1 B2

February 3, 2005

Mr. John Harris, Chairperson
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

RE: Request for New 2005 Race Date Allocation

Dear Chairperson Harris:

This letter is to request an allocation of race dates for a harness race meet to be conducted by Capitol Racing LLC at the Los Angeles County Fairgrounds in Pomona, California. The specific dates requested for this race meet would be from October 7, 2005 through December 23, 2005. I have attached a proposed racing schedule for this race meet.

Harness racing lost its live presence in Southern California in 2001 when the owners of Los Alamitos Race Course announced that they would no longer host or lease their facility for harness racing and later requested that the California Horse Racing Board re-allocate the months of late December, 2000 through March, 2001 for a race meet at Los Alamitos for quarter horse racing. Since that time, there has been no live presence for harness racing in Southern California (and more recently, since May, 2004 there has been only a limited presence via simulcasting at the Los Alamitos facility). Our Southern California patrons and our California horsemen deserve to have a race meet in California's largest market area -- an exposure now "reserved" only for Thoroughbreds, Quarter Horses, and the single Fair meet at the Los Angeles County Fairgrounds.

Capitol Racing joins the Los Angeles County Fair in requesting dates for a new harness race meet at this Southern California venue.

Your consideration of this important matter for the California Harness industry at you upcoming meeting in February is greatly appreciated. Thank you.



Respectfully,

Alan Horowitz
General Manager


















CC: Jim Henwood, L. A. Country Fair
Ben Kenney, California Harness Horsemen's Association

CAPITOL RACING AT FAIRPLEX PARK
Fall 2005 Harness Race Meet

SEPTEMBER 2005				
Sun	Wed	Thur	Fri	Sat
		1	2	3
4	7	8	9	10
11	14	15	16	17
18	21	22	23	24
25	28	29	30	

OCTOBER 2005				
Sun	Wed	Thur	Fri	Sat
			Opening Night 7 	8 
		13 	14 	15 
	19 	20 	21 	22 
	26 	27 	28 	29 

NOVEMBER 2005				
Sun	Wed	Thur	Fri	Sat
	2 	3 	4 	5 
	9 	10 	11 	12 
	16 	17 	18 	19 
	23 	24 Thanksgiving Day No Racing	25 	26 
27 	30 			

DECEMBER 2005				
Sun	Wed	Thur	Fri	Sat
		1 	2 	3 
4 	7 	8 	9 	10 
11 	14 	15 	16 	17 
18 	21 	22 	Closing Night 23 	24
25	28	29	30	

47 Nights (11 weeks & 2 nights)

CHHA



California Harness Horsemen's Association
P.O. Box 254767 Sacramento, CA. 95865
Phone: (916) 263-7888 Fax: (916) 263-7887
www.chhaonline.com

Ben Kenney, President
Kim Hankins, Executive Director

Jim Perez, Vice-President
Billie Schwartz, Treasurer

Race Dates Committee
California Horse Racing Board
1010 Hurley Way
Sacramento, CA 95865

February 28, 2005

The CHHA appreciates the interest of your committee concerning the welfare of our industry. This letter is intended to give you our opinion of the remainder of the 2005 racing calendar for your consideration during your deliberations.

As of today's date, the CHHA has not received a written proposal for Fall 2005 race dates other than the request of dates submitted by Cal Expo. At our last CHHA Board meeting on February 7th, which was attended by a large group of horsemen as well as Ingrid Furmin and Roy Minami, an extended debate of the issues was held and all were welcome to speak regardless of their opinion. After the debate, President Ben Kenney asked the Board to table the issue until further studies could be completed. The prevailing sentiment from the horsemen in attendance and several Board members was to take an action one way or the other.

A motion put before the CHHA Board by David Neumeister, seconded by Dr. Harvey Stein, to support Capitol Racing's proposal to race in Fall 2005 at Fairplex Park in Pomona failed to garner a majority of the CHHA Board of Directors.

We were recently pleased to attend a meeting of the Cal Expo Board at which time Cal Expo showed their support to the harness industry by voting unanimously to request of the CHRB that their racing dates during the California State Fair be given to the harness industry. This arrangement, if granted by CHRB would alleviate the ten week break in our racing schedule.

As of today's date the CHHA stands behind our vote and respectfully requests the Race Dates Committee award the race dates from July 31st to December 31st 2005 to Cal Expo. We do believe harness racing in Southern California would be helpful to our industry, but with more research and planning.

Sincerely,